



Submission in response to the:

Lamb Definition Public Consultation

Victorian Farmers Federation Livestock Group

The VFF Livestock Group is the peak representative body for livestock producers in Victoria, operating in its present form since 1978. The Group currently represents the interests of approximately 2000 farm businesses, most of which are family owned and operated.

Membership is state-wide and covers the key Victorian agricultural industries of cattle, sheepmeat, wool and goats. Together the output is valued at around \$2.5 billion for Victoria's rural economies each year.

The VFF Livestock Group's core business involves policy development, issues management and advocacy on behalf of our producer members to industry and government. Through the extensive branch network, VFF Livestock has good contact with producers and coverage of the state livestock issues. There is council representation with 11 regions of Victoria being represented by council members.

Member's views and issues are also pursued at a national level through VFF Livestock's membership of the Livestock Peak Industry Councils – Sheep Producers Australia (SPA), WoolProducers Australia (WPA), Cattle Council of Australia (CCA) and the Goat Industry Council of Australia (GICA). Our voting power with each of these bodies ensures that member concerns are represented at a national level and Victorian interests are well understood across the country.

The VFF Livestock Group welcomes the opportunity to provide feedback in response to the public consultation on the proposed change in lamb definition conducted by Sheep Producers Australia.

In the event of further discussion please don't hesitate to contact either myself or David Picker, VFF Livestock Group Manager on 03 9207 5547. Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "L. Vallance".

Leonard Vallance
President, VFF Livestock Group



General commentary

The Victorian Farmers Federation (VFF) recognises the Australian lamb brand and acknowledges the diversity of the national sheep flock. This diversity is emulated in Victoria.

According to the Australian Bureau of Statistics, there were approximately 13.1 million sheep in Victoria in 2016 - 19.4% of the national flock. Of the 6.4 million ewes mated in 2016, 2.1 million were joined to merino rams and 4.3 million were joined to other rams. This suggests the Victorian industry has a majority of sheep enterprises focussed on prime lamb production.

Victoria is the largest sheep meat producing state accounting for 45.4% of lamb and 38.5% of mutton, with exports valued at \$1.043 billion in 2016-17.

The VFF is cautious about the process of changing the definition of lamb to 'no permanent incisor tooth in wear'.

Holmes Sackett's review of the implications of changing the definition of lamb to allow eruption of permanent incisors, but without either incisor being in wear, casts doubt on the perceived benefits and highlights risks to sheep producers from implementing the change.

However, the definition of lamb and the process to negotiate a possible change points to opportunities for sheep producers.

Market access feedback

Australia is currently negotiating trade agreements and increased quota with a number of export markets. The VFF see a possible advantage in using the current lamb definition.

By definition, our product is guaranteed to be younger and therefore, until eating quality research attests otherwise, of higher quality than our major competitor New Zealand (NZ).

The lucrative EU and UK markets have the same definition as Australia, creating potential synergy for collaboration in research and development to assist in negotiating a beneficial trade agreement and increased quota.

If we are competing with NZ, the VFF believes there is possibly an opportunity for Australia to use the current definition as a point of difference.



Eating quality

The latest eating quality research was led by David Pethick in 2008. Pethick found:

“From an eating quality point of view the current lamb definition used in Australia is supported. The evidence available suggests that any change in definition will increase the risk of product failure (as defined by the Eating Quality assessment system Meat Standards Australia (MSA)), and that this risk is greater in animals that have not been managed under good growing conditions.”

Pethick concludes:

“Any move to change the lamb definition should be undertaken using a full MSA pathways approach to minimise additive effects from increasing the risk of product failure, i.e. combined effects of older age specifications, poorly finished animals, no electrical stimulation and short meat aging would escalate the risk of product failure.”

According to the MSA Annual Outcomes Report 2015-16, “The proportion of sheep graded with MSA through informal and trademarked pathways represented 23% of the national lamb slaughter”.

And so, the VFF believe the task to bring the entire industry up to the MSA standard of production to mitigate the product failure risks is currently unachievable.

Market compliance

Moving the definition to a more subjective measure is risky, even given the precedent set by NZ. The objective nature of the current definition is easy to define and leaves no room for inconsistencies.

If a change of definition to a subjective nature was to occur, the importance of national harmonisation of compliance between jurisdictions becomes imperative.

Industry hasn't yet conducted a business case to quantify the cost of a change in compliance, enforcement measures and industry education. The VFF believes this is a necessary step in the process for proposed change.



Impact on processing, lamb production and management

The VFF acknowledge the benefit to the processing sector in enabling the purchase of extra volume at certain times, allowing orders to be filled to meet customer requirements. However, this points to downward pressure on the price received by producers due to added supply possibly nullifying any financial advantage.

The VFF are also empathetic with the wastage currently experienced by the industry, however, without knowing how long it takes from when lamb is purchased with erupted teeth, to progress to teeth in wear, it is difficult to judge if any reduction in wastage is possible, only transferring the problem.

As a solution, the VFF believe further investment in the yearling brand would provide more value to the whole value chain.

Holmes Sackett state 0.1% of lambs from specialist prime lambs breeders and dual purpose lamb breeders cut their teeth prior to sale, and 0.7% of all lambs are at risk of cutting adult teeth due to the age they enter a specialised finishing system. This amounts to approximately 5200 tonnes of product missing the lamb market, equivalent to a \$5.2 million loss to sheep producers.

Whilst it is an issue, the concern is whether the impact is significant enough to warrant change that might have an adverse impact for the industry overall.

The proposed change would provide a visual signal for management and trading consideration but the question is whether this benefit outweighs the risks of the change. Prime lamb producers would argue a market signal isn't required as they have the production system set to place lamb on the market when required to capitalise on the premium paid for lamb over mutton, whereas producers in marginal country would argue there is a benefit to having the extension in definition to allow the lambs to be finished to a higher quality.

Feedlotter and finishers may have increased confidence in purchasing older lambs but without knowing the time taken from eruption of a tooth to being in wear and the compliance measure being subjective, the financial risk associated still applies.



Summary

The VFF believe the definition of lamb and sheep meat language in general is essential to the goal of value based marketing - 'getting paid for what you produce'.

An essential step is definitive eating quality measurements provided by objective carcass measurement technology, the Australian red meat industry's ultimate point of difference.

The VFF believe the current research into eating quality relating to age is inconclusive, particularly given the sparse research on the difference between sucker lamb and those that have teeth erupted with no teeth in wear, in which all products would be classified as lamb under the proposed definition change.

Implementation of chain speed objective carcass measurement technologies in all processing plants should be completed prior to any change of definition to allow industry to benefit from objective carcass management to improve livestock management, enhance and underpin eating quality and processing efficiency and therefore add value to the whole value chain.

When value based marketing is implemented the definition of lamb becomes less significant but until then it remains important.

With the change of definition, the importance of harmonising the compliance schemes that underpins the lamb brand nationally becomes essential due of the subjective nature of the definition. The VFF support Sheep Producers Australia in working with state and national stakeholders and regulators to achieve this important milestone.



References

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